

VZCZCXRO3412
RR RUEHGH RUEHVC
DE RUEHBJ #1677 1700808
ZNR UUUUU ZZH
R 190808Z JUN 09
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC 4676
INFO RUEHOO/CHINA POSTS COLLECTIVE
RHMFIUU/CDR USPACOM HONOLULU HI

UNCLAS BEIJING 001677

DEPARTMENT FOR INR/R/MR, EAP/CM, EAP/PA, EAP/PD, C
HQ PACOM FOR PUBLIC DIPLOMACY ADVISOR (J007)
SIPDIS

E.O. 12958: N/A

TAGS: [OPRC](#) [KMDR](#) [CH](#) [PREL](#) [ECON](#)

SUBJECT: MEDIA REACTION: IRAN, U.S. ECONOMICS, U.S.-CHINA MILITARY
RELATIONS

Editorial Quotes

11. IRAN

"Five days in Tehran - The protests will have a hard time
influencing Ahmadinejad"

The Shanghai-based Shanghai Media Group (SMG) publication, China
Business News (Diyi Caijing)(06/19): "If the protests expand
further, Mousavi's support for the protests is not wise. It is a
confrontation with the highest leaders of the country. Although the
current Iranian administration agreed to recount the disputed
ballots many observers think the result of the election cannot be
changed. If the current administration suppresses the protests by
force it will trigger much anger from the public and it is obvious
that Ahmadinejad does not want to see that either. Iran has begun
diverting attention by accusing other countries of interfering in
their election. They protest that the statement issued by American
officials has interfered in Iran's domestic politics. The U.S.
State Department denied this accusation."

12. U.S. ECONOMICS

"The new financial prescription by Obama to reign in big financial
actors and help the weak groups"

Guangdong 21st Century Publishing Company Ltd.'s business newspaper
21st Century Business Herald (21Shiji Jingji Baodao)(06/19): "On
June 17th, Obama administration officially submitted the proposal of
financial supervision reform to the Congress. This is the first
time for the U.S. government to officially mention how to deal with
the Government Sponsored Enterprise (GSE) in the future. However,
this proposal doesn't clarify the road map of GSE reform. It only
points out 6 feasible methods. This reform plan aims at preventing
system risks and protecting consumers. In this proposal, there is
no final judgment on many important areas of supervision. It will
take quite a time for the Congress to approve this proposal and many
difficulties will be confronted. From this proposal, we could see
that the financial actors on the Wall Street are too big and make
the government fear they will break down, which will cause
uncontrollable panic in the market. Nevertheless, when Obama
emphasizes the supervision agencies should take another
responsibility, which is to judge the necessary crisis moments and
provide assistance to financial actors, it actually stimulates banks
to expand the scale of their assets. If the content of the proposal
is realized, senior banking officials, investors and stakeholders
will be very happy and think that there is no need to be afraid of a
financial crisis any more since the government will always pay the
bill. Thus, they will all aim at generating short-term profits.
This will further weaken the self-control and risk management of the
shareholders. Another concept in this proposal is to protect the
interests of ordinary consumers. The rise in the default rate is
the fuse of this financial crisis. The reason for it is consumers
have nothing to do when they are cheated. One important request

from the future supervision agencies is banks must provide enough and clear information of products to customers."

13. U.S.-CHINA MILITARY RELATIONS

"Secretary of Defense Gates says the U.S. has enough naval and air force resources to fight against China"

Elite Reference (Qingnian Cankao), a newspaper affiliated to the official Communist Youth League China Youth Daily (06/19): "Recently many Chinese websites reported that an American Lieutenant General Bruce Wright commented in Japan that Chinese air force modernization has made good progress and U.S. fighters are incapable of invading Chinese air space. However this general retired last April, so why did he receive an interview at a U.S. base in Japan? The U.S. Air Force in the western Pacific is not that weak. A Hong Kong website that broke the news and it was quoted by many mainland websites. Currently the Korean peninsula is very tense, thus any move of the U.S. military will arouse attention. Besides, the U.S. intentionally devalued its military power, which meets many people's appetites. The U.S. military in fact uses 'raptor' and 'stealth' fighters to deter the Asia-Pacific region. As an American expert indicated, at least for the next four or five years, the U.S. has enough naval and air power to maintain its leadership in the Pacific and the air space above it."

PICCUA